

Montana Department of Commerce
Big Sky Economic Development Trust Fund
(MCA 90-1-2)

History: - House Bill 249 was passed by the 59th Legislature and on July 1, 2005, \$20 million was transferred from the coal severance tax permanent fund to the Big Sky Economic Development Fund (Trust Fund). In addition a portion of the total coal severance taxes collected annually are deposited into the Trust Fund. Interest earnings from the Trust Fund are available for financial assistance to local governments and economic development organizations through application to the Department of Commerce.

Purpose: - As stated in HB249, the legislative purpose of the Big Sky Economic Development Fund is to:

- Create good-paying jobs for Montana residents,
- Promote long-term, stable economic growth in Montana,
- Encourage local economic development organizations,
- Create partnerships between the state, local governments, and local economic development organizations that are interested in pursuing these same economic development goals,
- Retain or expand existing businesses, and
- Provide a better life for future generations through greater economic growth and prosperity in Montana.

Types of Funding

- **Category I:** 75% of Trust Fund earnings shall be awarded to local governments in the form of grants and loans for economic development projects.
- **Category II:** 25% of Trust Fund earnings shall be awarded to Certified Regional Development Corporations and other eligible economic development organizations in the form of grants for economic development planning and capacity building.

Category I Criteria and Information:

Funding – During the current biennium, a projected total of approximately \$2.7 million is available from interest earnings for project awards

Business Eligibility -

- Primary sector business
- Create **at least 1 new jobs** in Montana;
- Pay new employees **at least the average wage for the area (state or county -- whichever is lowest)**. (current \$13.38 per hour for State)
- **Demonstrate that the business expansion is financially feasible.**

Grant Award Ceiling and Thresholds

- The maximum grant award is **\$5,000 for each new job.**

Match Requirements

- **\$1 for every \$1 awarded.**

Eligible Costs

- Land acquisition, demolition. Public infrastructure, workforce training, loans for fixed assets, interest rate reductions, relocation costs, rental assistance and lease buy-downs

Applications for funding must include

- Business plan, financial statements, and projections.

Clawback

- contract specifying terms of the grant and repayment requirements should the company fail to maintain the jobs, wage levels or other contract requirements.

Reporting

- As required in contract depending upon the nature of the project

Category I Projects Funded 2007 Biennium

Category I projects are awarded to local government entities and require the creation of net new full-time jobs that provide wages that meet or exceed the current average weekly wage of the county, excluding benefits. Jobs referenced below meet this threshold.

CDI Business Solutions – Aerospace

Jobs Created: 40

Leveraged Funds: \$1,542,492

BSTF Funds: \$200,000

A \$200,000 grant was awarded to the City of Bozeman for the training 40 new employees, mostly drafters and engineers for work on the Sikorsky Aircraft Corporation contract at the new CDI Engineering Design Center in Bozeman. The jobs must pay at least \$13.90 per hour, excluding benefits.

DIRECTV Customer Services, Inc.

Jobs Created: 92

Total Project Cost: \$20,515,000

BSTF Funds: \$460,000

A \$460,000 grant was awarded to Missoula County toward the purchase of a completely constructed building in the Missoula County Development Park. The County will then lease the building to DIRECTV. The program support will result in the creation of 92 net new jobs that pay over \$13.75 per hour, excluding benefits. The award will support the creation of over 950 total jobs at the DIRECTV project site over the next several years.

Summit Aeronautics Group

Jobs Created: 40

Total Project Cost: \$22,000,000

BSTF Funds: \$200,000

A \$200,000 grant was awarded to the Helena Regional Airport Authority to support the expansion of Summit Aeronautics by reducing a lease rate increase that resulted from the relocation of a gas pipeline. The assistance awarded will assist in the creation of 40 net new jobs that pay at least \$15 per hour, excluding benefits.

Category II Projects Funded 2007 Biennium

Category II projects are made to Certified Regional Development Corporations (CRDCs) or other eligible economic development organizations.

A total of 22 Category II capacity building and planning grants were awarded to Certified Regional Development Corporations and other local economic development organizations. The total grants awarded were \$319,820 and the average grant size was \$14,540.

Montana Department of Commerce

Primary Sector Workforce Training Grant Program (MCA 39-11)

History: - The 59th Montana Legislature passed House Bill 270 (HB 270), a workforce-training act created to provide funding to meet the training needs of employees working in expanding primary sector industries in Montana. Governor Schweitzer signed HB 270 into law on April 28, 2005.

Decision Making - A seven-member Statutory Grant Review Committee (MCA 39-11-201), consisting of both public and private members, makes the actual grant award decisions.

Funding - During the current biennium, a total of \$2.8 million was appropriated for Workforce Training Grants. The Department of Commerce is requesting a total of \$8 million in the upcoming biennium for Workforce Training Grants.

Business Eligibility -

- Primary sector business
- Create **at least 10 new jobs** in Montana;
- Pay trainees **at least the average wage for the area (state or county -- whichever is lowest)**. **Benefits may be included** - (current \$13.38 per hour)
- **Have a need for education or training** for the new employees; and
- **Demonstrate that the business expansion is financially feasible.**

Grant Award Ceiling and Thresholds

- The maximum grant award is **\$5,000 for each new job**.
- Business must create **at least 10 new jobs**.

Match Requirements

- **\$1 for every \$3 awarded.**

Eligible Costs

- All necessary and incidental costs of providing workforce training and education directed to the new jobs are eligible for a grant.

Applications for funding must include

- Business Plan, Financial Statements for three previous years, Projections for two coming years, Hiring and Training Plan

Clawback

- Company is required to sign a contract specifying terms of the grant and repayment requirements should the company fail to maintain the jobs, wage levels or training specified in the grant application.

Reporting

- Required **six-month progress reports** to the Department until the goals contained in the plan have been achieved. **Payment occurs only after documenting the creation of eligible jobs, the hiring for those jobs, and after incurring eligible training expenses.**

PROJECTS FUNDED DURING 2007 BIENNIUM

A cost/benefit analysis conducted by the Department of Commerce shows that each project funded is expected to repay the State of Montana in new tax revenues within 3 years and in most cases, around two years. An analysis of the Fort Peck Tribes project was not performed since tax revenue is uncertain given Tribal sovereignty.

- **PrintingForLess.com, Livingston**, was awarded \$125,000 to add and train 25 employees. PrintingForLess is an Internet printing business and has been called one of the fastest growing companies in the US today. The company's training curriculum is based upon high standard customer service and comprehensive software training that covers all customer software and real world printing knowledge.
- **Integrated Solutions, Wolf Point**, was awarded \$150,000 to add and train 30 employees. Integrated Solutions is new business wholly owned by the Fort Peck Tribes. Integrated tests software for a Microsoft affiliate. Current company training includes programming and software maintenance.
- **AvMax Group, Inc., Great Falls**, opened a new heavy maintenance and repair facility for regional aircraft (30 – 90 seats) at the Great Falls International Airport on April and was awarded \$205,000 to hire and train 41 new workers. AvMax will actually hire and train almost 100 new employees over the course of its first year in business in Great Falls. AvMax is owned by Aviation Services Company of Calgary, Alberta. Regional airlines, primarily in North America, are AvMax's potential customers. AvMax has already partnered with the Great Falls Workforce Services Center for recruitment. Training curricula will be based upon aviation regulatory requirement standards.
- **DirecTV, Missoula**, was awarded \$1,590,000 to hire and train 318 employees at its new facility in Missoula County. Total employment for the operation is expected to reach 950. This facility is its first call center in Montana. Ground was broken in December, 2005. DirecTV provides digital television via satellite. New employees receive a new hire orientation, on-the-job training, handling "mainbank volume" calls training and advanced technical training. Team leaders and support staff will also be trained.
- **Elkhorn Treatment Center, Boulder**, (a division of Boyd Andrew Community Services, Helena) was awarded \$75,000 to hire and train fifteen (15) new employees. 31 new employees are expected to be hired. Ground was broken for the new methamphetamine treatment facility for female offenders in June. Elkhorn will accept its first offenders for treatment in January, 2007. BACS also operates the Helena Prerelease Center for male offenders. Treatment will be based upon the Therapeutic Community Model which is a structured curriculum and living environment that promotes life changes and the skills to support a drug-free environment in outside society.
- **Summit Aeronautics, Helena**, was awarded \$200,000 to hire and train forty (40) new employees at its Helena Regional Airport facility. Summit is adding 30,000 square feet to its 75,000 foot facility. Summit has/had numerous manufacturing contracts with Boeing, Lockheed Martin, Bell Helicopter, Sikorsky, Vought Aircraft Systems and Kawasaki Heavy Industries. Summit produces a number of machined parts and/or tools for high-end use in aeronautics industry. Primary products have been tools and parts for F22 fighter jets.

The companies funded by this biennium's resources are projected to train 577 Montanans while creating in excess of 1,000 new jobs. The State of Montana funding of \$2.8 million for projects and administration are estimated to leverage approximately \$56 Million in new investment in Montana.